



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0760	Title:	Revise state campaign funding, establish Clean Elections Act
Primary Sponsor:	Grinde, Wanda	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$1,384,573	\$500,000	\$897,223	\$29,833
State Special Revenue	\$510,500	\$28,543	\$481,957	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$758,750	\$500,000	\$258,750	\$0
Net Impact-General Fund Balance	<u>(\$1,384,573)</u>	<u>(\$500,000)</u>	<u>(\$897,223)</u>	<u>(\$29,833)</u>

Description of Fiscal Impact:

This legislation creates public financing for legislative candidates. The act establishes significant additional duties and responsibilities for the Commissioner of Political Practices office and if enacted into law, would most likely have a significant fiscal impact on the office. Costs reflected above show the minimum impact of the legislation. Certain costs are undeterminable. The bill transfers from the general fund \$500,000 each year of the upcoming biennium to the newly created "Clean Election Account".

FISCAL ANALYSIS

Assumptions:

Commissioner of Political Practices (COPP)

1. This legislation creates public financing for legislative candidates.
2. This legislation may increase district court caseloads but the Judicial Branch is unable to estimate the impact on judicial workload or the fiscal impact. The cumulative impact such legislation may over a

period of time require additional judicial resources since the court dockets are already full throughout the state.

3. Passage of HB 760 would require COPP to adopt rules implementing sections 1 through 20. The total estimated cost for legal expenses in FY 2008 is \$12,420.
4. The COPP would have contracted legal services expenses to have proposed rules formatted per ARM regulations. It is estimated that the contract would be 80 hours at a cost of approximately \$10 per hour, resulting in a cost of \$800 in FY 08.
5. The total estimated yearly fiscal cost for continuing legal services to enforce sections 1 through 20 is \$3,080. It is important to emphasize that this figure does not include estimates of other anticipated legal expenses, such as defending judicial review actions challenging the commissioner's decisions.
6. The commissioner would be required to pay participating candidates set amounts from the clean election account. Assuming that for the 2008 legislative elections there are 150 qualifying senate candidates and assuming they were contested races, the commissioner would be required to pay \$750,000 in FY 2008. Assuming that there are 200 qualifying House candidates and they are contested races the commissioner would be required to pay \$600,000 in FY 2008.
7. The commissioner would be required to pay an amount to the participating candidate equal to the excess contribution or expenditure made by the nonparticipating candidate within 24 hours of receiving information that a nonparticipating candidate has received contributions or made expenditures in excess of the spending limit. The amount of this additional funding that would be paid from the fund is undeterminable. For the sake of this estimate, it is assumed that the amount of this additional funding would be 50% of the amount paid to the participating candidates.
8. COPP would have to hire one FTE to administer the program. One full time employee would cost approximately \$25,463 annually.
9. A "Clean Election Account" would be created. The fund would consist of the following revenues: (1) the application fee , (2) unspent seed money, (3) qualifying contributions, (4) unspent grant money, (5) civil penalties, (6) money allocated by the legislature, and (6) interest earned on the money in the fund.
10. This legislation would apply a \$25 filing fee for each candidate. For fiscal note purposes, there are 350 total candidates which total \$8,750 in special revenue.
11. A qualifying candidate must collect for senate candidates 200 qualifying contributions and for house candidates 100 qualifying contributions. Qualifying contributions must be \$5 exactly. Assuming that there are 150 senate candidates participating in the fund the revenue would be \$150,000 (200 contributions * 150 candidates * \$5). Assuming that there are 200 house candidates participating in the fund the revenue would be \$100,000 (100 contributions * 200 candidates * \$5). These funds are deposited into the state special revenue account.
12. The total estimated revenue to the state special revenue account is \$8,750 + \$150,000 + \$100,000 which total \$258,750 in FY 2008. These funds will be used to offset operational costs of program.
13. The expenditures out of the state special revenue account are statutorily appropriated.
14. It is assumed that the elections in FY 2010 would require the same amount of funding as in FY 2008.
15. It is assumed that the Clean Elections Act continues past the 2009 biennium and it is also assumed that at any time that there is not sufficient cash in the state special revenue account that general fund is used to fund costs.

Expenditures:

Personal Services	\$25,463	\$25,463	\$26,100	\$26,753
Operating Expenses	\$16,300	\$3,080	\$3,080	\$3,080
Transfers	\$500,000	\$500,000	\$0	\$0
Payments to candidate	\$1,350,000	\$0	\$1,350,000	\$0
TOTAL Expenditures	\$1,891,763	\$528,543	\$1,379,180	\$29,833

Funding of Expenditures:

General Fund (01)	\$1,381,263	\$500,000	\$897,223	\$29,833
State Special Revenue (02)	\$510,500	\$28,543	\$481,957	\$0
TOTAL Funding of Exp.	\$1,891,763	\$528,543	\$1,379,180	\$29,833

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$758,750	\$500,000	\$258,750	\$0
TOTAL Revenues	\$758,750	\$500,000	\$258,750	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$1,381,263)	(\$500,000)	(\$897,223)	(\$29,833)
State Special Revenue (02)	\$248,250	\$471,457	(\$223,207)	\$0

Long Range Impacts:

It is impossible to predict how many candidates will run for legislative offices. It is impossible to predict how many of those who will run will participate in the "Clean Election Account" There could be significant increases in the expenditures from the legislative races in elections with higher numbers of candidates participating in the fund.

Technical Notes:

1. Section 10, there are no guidelines or standards regarding how the commissioner would be expected to select random samples of 5% of the number of nonduplicative names on the list of contributors submitted by applying candidates.
2. Section 14, subsections (2)(a) and (2)(b); The pre-election report overlaps the reporting period that is required 12 days before the election and must be complete through the 20th day after the election.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date